

STATE OF UTAH  
OFFICE OF THE ATTORNEY GENERAL

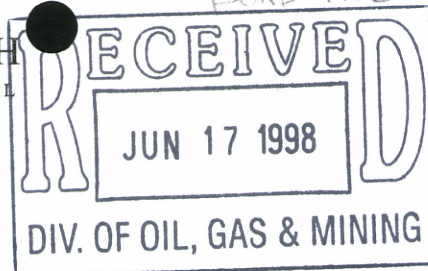


JAN GRAHAM  
ATTORNEY GENERAL

CAROL CLAWSON  
Solicitor General

REED RICHARDS  
Chief Deputy Attorney General

PALMER DEPAULIS  
Chief of Staff



ACT 1007/007  
Fireproof file

June 16, 1998

Mr. Lowell Braxton  
Acting Director  
Utah Division of Oil, Gas &  
Mining  
1594 West North Temple, Suite  
1210, Box 145801  
Salt Lake City, UT 84114-5801

Ms. Mary Ann Wright  
Deputy Director of Mining Utah  
Division of Oil, Gas & Mining  
1594 West North Temple, Suite  
1210, Box 145801  
Salt Lake City, UT 84114-5801

Mr. Randall Harden  
Reclamation Engineer  
Utah Division of Oil, Gas &  
Mining  
1594 West North Temple, Suite  
1210, Box 145801  
Salt Lake City, UT 84114-5801

Re: In re Sunnyside Coal Co.

Dear Lowell, Mary Ann, and Randy,

I am enclosing with Mary Ann Wright's copy of this letter a copy of a letter dated June 12, 1998 to me from Asael T. Sorensen, Jr., the General Counsel of COVOL Technologies, Inc., along with copies of the enclosures to that letter. Two points: First, you will notice that Mr. Sorensen's letter indicates that COVOL has now elected to keep the Bath House and Training Building based on COVOL's belief, supposedly influenced by representatives of the Division of Oil, Gas & Mining (DOGM) and IHI, that "the tank and boiler in the Bath House do not contain asbestos." If Mr. Sorensen's statement is technically incorrect, I suggest that Randy Hardin and/or Louis Amodt soon have a clarifying discussion with COVOL Vice President Russ Madsen. Please make sure that COVOL and DOGM indeed are on the same wavelength concerning any asbestos remediation, however minor, that DOGM expects COVOL to do in that structure as a condition of DOGM's contractor not demolishing it under the reclamation project.

Second, the enclosures to Mr. Sorensen's letter appear to be submitted by COVOL to me as counsel for DOGM, so that is why I am forwarding them to DOGM. DOGM should review the COVOL enclosures to determine whether COVOL has complied with the "Deed and Lease Obligation" and the "Letter of Credit Obligation" assumed by COVOL under the May 21, 1998 court order approving the sale of the Footprint Property by the Sunnyside bankruptcy trustee to Penta Creeks LLC.

Very truly yours,

*Patrick J. O'Hara*

Patrick J. O'Hara  
Assistant Attorney General

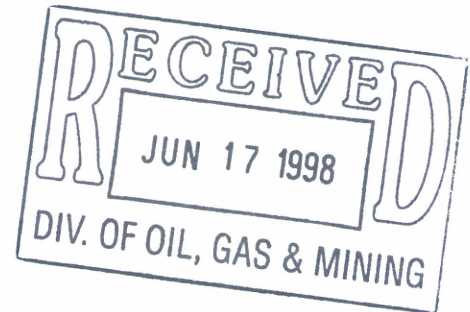
Encl. (only Mary Ann Wright)



COVOL

TECHNOLOGIES, INC.™

"Recycling yesterday's waste into tomorrow's resources.™"



June 12, 1998

**VIA FAX TRANSMISSION 801/366-0352**

Patrick J. O'Hara  
Assistant Attorney General  
Attorney General's Office  
160 East 300 South  
Salt Lake City, Utah 84114

**Re: Main Bath House and Training Building**

Dear Patrick:

I am informed that DOGM and IHI have reviewed the IHI Assessment and have reaffirmed its findings, specifically that the tank and boiler in the Bath House do not contain asbestos. In reliance on that information, Covol will include the BathHouse or Training Building in the transaction and does not want DOGM to demolish any part of either building.

Very truly yours,

Asael T. Sorensen, Jr.  
General Counsel

## LEASE AGREEMENT

This Lease Agreement (the "Lease") is entered into on June 3, 1998, between Footprint, L.L.C., a Utah limited liability company ("Lessor"), and Covol Technologies, Inc., a Utah corporation ("Tenant"). The parties agree as follows:

1. **PREMISES.** Lessor, in consideration of the lease payments provided in this Lease, leases to Tenant the land known and designated as the north half of the "Footprint" property located in Sunnyside, Utah, which is more particularly described as set forth in Exhibit "A" attached hereto and incorporated herein. The premises shall only include the buildings on the demised premises which Tenant elects to retain. The buildings which Tenant does not retain will not impose any responsibility of Tenant for any potential environmental liability or asbestos removal. In the event the option to purchase is exercised, as hereinafter set forth, all buildings existing on the property shall be the responsibility and obligation of Tenant. Tenant shall be responsible for asbestos removal and any other potential environmental liability that may exist or arise with respect to the buildings which it elects to retain. Tenant shall not be responsible for any potential environmental liability with respect to the land purchased or leased. Tenant acknowledges that Lessor is not responsible for environmental liability with respect to the land.

2. **TERM AND OPTION TO PURCHASE.** The Lease term will begin on July 1, 1998, and continue for a period of five (5) years, until June 30, 2003. The first lease payment shall be due on July 1, 1998. At any time during the Lease term, Tenant may purchase from Lessor the leased Premises for the sum of Two Hundred Thousand Dollars (\$200,000). No deduction will be allowed for lease payments made prior to the purchase by Tenant of the leased Premises. The Lessor covenants to convey legal title, without encumbrances, consistent with the title received by Lessor, to Tenant upon the exercise of this Option.

3. **LEASE PAYMENTS.** Tenant shall pay to Lessor rent during the five (5) year term on the following schedule: first year - \$2,000 per month; second year - \$2,500 per month; third year - \$3,000 per month; fourth and fifth years - \$3,500 per month. The lease payments are payable in advance on the first day of each month. If rent is not paid within ten (10) days after the due date, Tenant agrees to pay a late charge of five percent (5%) of the past due monthly payment. Lease payment shall be made to the Lessor at 140 South Newton, Albert Lea, Minnesota 56007, which address may be changed from time to time by the Lessor.

4. **PROPERTY TAXES.** Lessor shall pay all real estate taxes during the Lease term up to, but not exceeding \$2,300.00. Any tax sums in excess of \$2,300.00 shall be paid by Tenant. As used herein, the term "real estate taxes" shall include any form of assessment, license fee, commercial rental tax, levy, penalty, duty, charge or tax imposed by any authority having the direct or indirect power to tax against the premises. Tenant shall pay all personal property taxes

State of Utah  
County of Cache

SOUTHEASTERN  
COVOLS, INC.  
BY \_\_\_\_\_  
WITNESS my hand and seal this 11th day of

June 1998  
By C. Roff

and assessments against and levied upon trade fixtures, furnishings, equipment and other personal property of tenant contained on the premises or elsewhere.

5. **LIABILITY AND CASUALTY INSURANCE.** Tenant covenants that it will, at all times during the term of this Lease, at its own cost and expense, carry a policy of Combined Single Limit, Bodily Injury, and Property Damage Insurance, including premises operations and products, insuring Lessor and Tenant against any liability arising out of ownership, Tenant's use, occupancy or maintenance of the Premises. Lessor shall be named as a co-insured and loss payee. Such insurance shall carry limits of not less than One Million Dollars (\$1,000,000). Certificates of such insurance policies shall be delivered to Lessor promptly after the issuance of the respective policies.

Tenant intends to provide casualty insurance and pay all casualty insurance premiums applicable to the premises during the Lease term, naming Lessor as a co-insured and lost payee, in an amount equal to the full replacement value of the buildings and fixtures, and insuring against the perils of fire, vandalism, and malicious mischief. If for any reason the Tenant does not insure the premises, the Tenant will notify Lessor that there is no insurance coverage. If Tenant acquires insurance, Tenant will require the insurer to notify Lessor in the event of a lapse of insurance coverage.

Lessor and Tenant each hereby waive any and all rights to recover against the other, or against the officers, directors, employees, agents and representatives of the other, for loss of or damage to such waiving party to the extent that such loss or damage is insured under any insurance policy in force at the time of such loss or damage. The insuring party shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease. To the extent available all insurance policies maintained pursuant to this Lease shall contain a "waiver of subrogation" endorsement or clause.

6. **UTILITIES.** All utilities for the premises, including water, shall be the exclusive obligation of tenant.

7. **MAINTENANCE AND ALTERATIONS.** Tenant accepts the property as being in good order and repair, unless otherwise indicated in writing. Tenant shall, at its own expense, maintain the premises in a clean and reasonable manner, including all buildings, equipment, and fixtures, and shall surrender the same, at the termination of this Lease in as good as condition as received, normal wear and tear accepted. Tenant shall be responsible for all repairs required for damages during the Lease term, unless such damages were caused by Lessor.

8. **LESSOR'S LIABILITY.** Lessor shall not be liable for any damages or losses to Tenants, other persons, or property caused by Tenants or other persons. Tenants take the premises in its "as is condition" and acknowledge that the premises are safe and appropriate. Tenant specifically assumes the risk of the bridges and buildings, and their current condition.

9. **INDEMNITY.** Tenant covenants with Lessor that Lessor shall not be liable for any damage or liability of any kind or for injury to or death of persons or damage to property of Tenant or any other person, except Lessor or any individual under its control, during the term of this Lease, by reason of the use, occupancy and enjoyment of the Premises by the Tenant or person thereon or from any activity, work or things done, permitted or suffered by Tenant in or about the Premises or elsewhere, and that the Tenant will indemnify and hold harmless the Lessor from all liability, claims or damages, on account of any such real or claimed damage or injury and from all liens, claims, and demands arising out of the use of the Premises and its facilities, or any repairs or alterations which the Tenant may make upon said Premises. Tenant shall further indemnify and hold the Lessor harmless from and against all claims arising from any breach or default in the performance of any obligations on Tenant's part to be performed under the terms of this Lease or arising from any negligence of Tenant or Tenant's agents, licenses or contracts. Notwithstanding the foregoing, Tenant shall not be responsible for any potential environmental liability with respect to the land purchased or leased. Tenant acknowledges that Lessor is not liable for any environmental liability with respect to the land. Lessor shall indemnify and hold the Tenant harmless from and against all claims arising from any breach or default in the performance of any obligations on Lessor's part to be performed under the terms of this Lease or arising from any negligence of Lessor or Lessor's agents, licenses or contracts.

10. **EXEMPTION OF LESSOR FROM LIABILITY.** Tenant hereby expressly agrees that Lessor shall in no event be liable for any damage to or destruction of any property from and after the date hereof and during the Lease term whether such damage or injury results from conditions arising upon the premises or other source or place, regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant regardless of whether Lessor knew or should have known of the potential of such damage or injury.

11. **DEFAULTS.** Either party shall be in default under the terms of this Lease, if it fails to fulfill any Lease obligations to which it is bound. In the event of default, Lessor may serve Tenant with a three day notice to pay rent or quit and proceed with an eviction action or elect to cure the default and the cost of such action shall be added to Tenant's financial obligations under this Lease. The defaulting party shall pay all costs, damages, and expenses (including reasonable attorney's fees and expenses) suffered by the non-defaulting party by reason of the default. All sums of money or charges required to be paid by Tenant under this

Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent". Any default by the Tenant under the terms of this paragraph shall terminate the Tenant's option to purchase the premises unless the default is cured and the parties remain governed under the terms of this Lease.

12. **NOTICE.** Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage pre-paid, addressed as follows:

Lessor:

Footprint, L.L.C.  
c/o Greg Jensen  
140 South Newton  
Albert Lea, Minnesota 56007

Tenant:

Covol Technologies, Inc.  
3280 North Frontage Road  
Lehi, Utah 84043

Such addresses may be changed from time to time by either party by providing notice as set forth above.

13. **ASSIGNMENT.** Tenant shall not voluntarily or by operation of law, assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the premises, without Lessors prior written consent, which consent shall not be unreasonably withheld. Regardless of Lessors consent, no subletting or assignment shall release Tenant of Tenant's obligations or alter the primary liability of Tenant to pay the rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Tenant may not assign the Option to purchase without the Lessor's consent.

14. **HOLDING OVER.** If Tenant remains in possession of the Premises or any part thereof after the expiration of the Lease term without the express written consent of Lessor, such occupancy shall be a tenancy from month to month, Lessor and Tenant shall be bound by the terms of this written Lease, and Tenant shall pay a rental amount equal to the rent last paid by Tenant under the terms of this Lease, or any increase imposed by Lessor.

15. **SURRENDER.** On the last day of the Lease term, or any sooner termination, Tenant shall surrender the Premises to Lessor in a broom clean, sanitary and good condition, ordinary wear and tear accepted. Tenant shall repair any damage to the premises occasioned by the removal of Tenant's trade fixtures, furnishings and personal equipment, which repair shall

16. **ENTIRE AGREEMENT/AMENDMENT.** This Lease contains the entire agreement of the parties and there are no other promises or conditions affecting the terms of this Lease in any other agreement whether oral or written. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

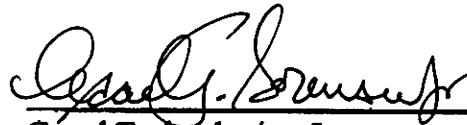
17. **SEVERABILITY.** If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

18. **CUMULATIVE RIGHTS.** The rights of the parties under this Lease are cumulative, and shall not be construed to be exclusive unless otherwise required by law.

19. **GOVERNING LAW.** This Lease shall be construed in accordance with the laws of the State of the Utah.

20. **SIGNATURE IN COUNTERPARTS AND BY FAX.** The parties to this Lease agree that it shall be valid and binding upon execution, and that the execution of this Lease may be done in counterparts and signatures may be delivered to the other party by facsimile.

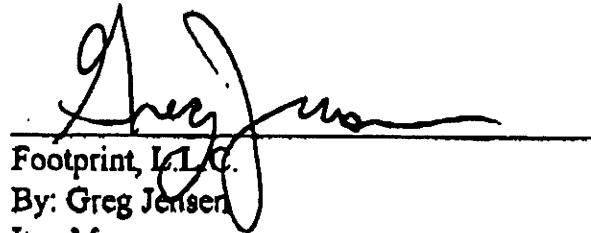
DATED this 30 day of May, 1998.



Covol Technologies, Inc.

By: Asael T. Sorensen

Its: Corporate Secretary and Counsel



Footprint, L.L.C.

By: Greg Jensen

Its: Manager



WHEN RECORDED RETURN TO:  
LeBoeuf, Lamb, Greene & MacRae, L.L.P.  
1000 Kearns Building  
136 South Main Street  
Salt Lake City, Utah 84101  
Attention: Penrod W. Keith

SOUTHEAST  
ANN B. O'BRIEN-COUNTY OF CARBON  
1998 JUN 01 16:24 PM FEE \$24.00 BY  
REQUEST: SOUTH EASTERN UTAH TITLE CO

By Greg Jensen 98 11 day of  
By C. Roff

**QUITCLAIM DEED**  
**(Sunnyside Coal Company Footprint Property)**

Penta Creek L.L.C., a Utah Limited Liability Company, and Magnificent Seven L.L.C., a Utah Limited Liability Company, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby quitclaims and releases, without warranty or representation of any kind or nature, to Kenneth A. Rushton as chapter 7 trustee for Sunnyside Coal Company, a Utah Corporation, all of Grantor's right, title and interest in and to the real property located in Carbon County, State of Utah, described in Exhibit A attached hereto, and for the reasons set forth in the letter attached hereto as Exhibit B.

GRANTOR: PENTA CREEK L.L.C. GRANTOR: MAGNIFICENT SEVEN L.L.C.

By: Greg Jensen By: Greg Jensen  
Its: member Its: member

STATE OF UTAH )  
:SS.  
COUNTY OF SALT LAKE )

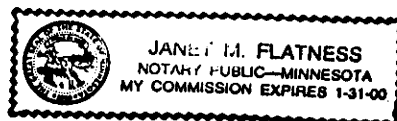
PERSONALLY appeared before me, the undersigned authority in and for the aforesaid jurisdiction, the within named Greg Jensen, who is the Member of Penta Creek LLC, who acknowledged to me that he signed and delivered the above and foregoing instrument in said capacity as \_\_\_\_\_ on the \_\_\_\_\_ date and date therein written, after having been first duly authorized to do so.

GIVEN UNDER my hand and official seal this the 30 day of November, 1997.

Janet M. Flatness  
Notary Public  
Residing in Albert Lea

My Commission Expires:

1-31-2000





STATE OF UTAH )

00066524 Bk00410 Pg00155

:ss.

COUNTY OF SALT LAKE )

PERSONALLY appeared before me, the undersigned authority in and for the aforesaid jurisdiction, the within named Greg Jensen, who is the member of Magnificent Seven LLC, who acknowledged to me that he signed and delivered the above and foregoing instrument in said capacity as \_\_\_\_\_ on the date and date therein written, after having been first duly authorized to do so.

GIVEN UNDER my hand and official seal this the 9<sup>th</sup> day of ~~November~~, 1997.

December

Jeanne Epland  
Notary Public  
Residing in Albert Lea

My Commission Expires:

1-31-2000

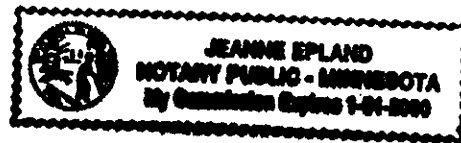


EXHIBIT A  
(Sunnyside Coal Company Footprint Property)

Section 32, Township 14 South, Range 14 East, SLB&M:

S  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ;  
W  $\frac{1}{2}$  NE  $\frac{1}{4}$  NW  $\frac{1}{4}$  SE  $\frac{1}{4}$ ; W  $\frac{1}{2}$  NW  $\frac{1}{4}$  SE  $\frac{1}{4}$ ;  
W  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  SE  $\frac{1}{4}$ ; S  $\frac{1}{2}$  SE  $\frac{1}{4}$  NE  $\frac{1}{4}$  SW  $\frac{1}{4}$ ; SE  $\frac{1}{4}$  SW  $\frac{1}{4}$ ;  
E  $\frac{1}{2}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$

Section 33, Township 14 South, Range 14 East, SLB&M:

S  $\frac{1}{2}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$

Section 4, Township 15 South, Range 14 East, SLB&M:

N  $\frac{1}{2}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$

Section 5, Township 15 South, Range 14 East, SLB&M:

NW  $\frac{1}{4}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; NE  $\frac{1}{4}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ;  
NW  $\frac{1}{4}$  NE  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; N  $\frac{1}{2}$  NE  $\frac{1}{4}$  NE  $\frac{1}{4}$  NE  $\frac{1}{4}$ ;  
W  $\frac{1}{2}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$  NW  $\frac{1}{4}$ ; NE  $\frac{1}{4}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ;  
W  $\frac{1}{2}$  SE  $\frac{1}{4}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; W  $\frac{1}{2}$  SW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ;  
E  $\frac{1}{2}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ; SW  $\frac{1}{4}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ;  
W  $\frac{1}{2}$  E  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$ ; W  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$ ;  
NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$ .

CERTIFICATE  
State of Utah 00066563 Bk00410 Pg00256-00259  
County of Carbon

WHEN RECORDED RETURN TO:

LeBoeuf, Lamb, Greene & MacRae, L.L.C.  
1000 Kearns Building  
136 South Main Street  
Salt Lake City, Utah 84101  
Attention: Penrod W. Keith

ANN B. O'BRIEN-COUNTY OF CARBON  
1998 JUN 03 11:59 AM FEE \$38.00 BY  
REQUEST: SOUTH EASTERN UTAH TITLE CO

COPIES THAT THE STATE OF UTAH HAS BY A  
FULL AND COMPLETE RECORD OF THE  
RECORDS OF THE STATE OF UTAH

WITNESSED BY THE STATE OF UTAH

By Chubb

QUITCLAIM DEED

(Sunnyside Coal Company Footprint Property)

Sunnyside Land, L.L.C., a LOUISIANA Limited Liability Company for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby quitclaims and releases, without warranty or representation of any kind or nature, to Kenneth A. Rushton as chapter 7 trustee for Sunnyside Coal Company, a Utah Corporation, all of Grantor's right, title and interest in and to the real property located in Carbon County, State of Utah, the so-called "Footprint Property," described in Exhibit A attached hereto and illustrated in part with the attached survey.

GRANTOR: Sunnyside Land L.L.C.

By: D. Craig Brignac  
Its: MANAGING AGENT

STATE OF LOUISIANA )  
: ss.  
COUNTY OF ST. LANDRY )

PERSONALLY appeared before me, the undersigned authority in and for the aforesaid jurisdiction, the within named D. CREIG BRIGNAC, who is the MANAGING AGENT of Sunnyside Land, LLC, who acknowledged to me that he signed and delivered the above and foregoing instrument in said capacity as MANAGING AGENT on the date and date therein written, after having been first duly authorized to do so.

GIVEN UNDER my hand and official seal this the 29TH day of May, 1998.

Amner Jones  
Notary Public  
Residing in WASHINGTON, LOUISIANA

My Commission Expires:

FOR LIFE

SOUTH EASTERN UTAH  
TITLE COMPANY  
ORDER NO.

29150-C

EXHIBIT A  
(Sunnyside Coal Company Footprint Property)

Section 32, Township 14 South, Range 14 East, SLB&M:

S  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ;  
W  $\frac{1}{2}$  NE  $\frac{1}{4}$  NW  $\frac{1}{4}$  SE  $\frac{1}{4}$ ; W  $\frac{1}{2}$  NW  $\frac{1}{4}$  SE  $\frac{1}{4}$ ;  
W  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  SE  $\frac{1}{4}$ ; S  $\frac{1}{2}$  SE  $\frac{1}{4}$  NE  $\frac{1}{4}$  SW  $\frac{1}{4}$ ; SE  $\frac{1}{4}$  SW  $\frac{1}{4}$ ;  
E  $\frac{1}{2}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$

Section 33, Township 14 South, Range 14 East, SLB&M:

S  $\frac{1}{2}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$

Section 4, Township 15 South, Range 14 East, SLB&M:

N  $\frac{1}{2}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$

Section 5, Township 15 South, Range 14 East, SLB&M:

NW  $\frac{1}{4}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; NE  $\frac{1}{4}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ;  
NW  $\frac{1}{4}$  NE  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; N  $\frac{1}{2}$  NE  $\frac{1}{4}$  NE  $\frac{1}{4}$  NE  $\frac{1}{4}$ ;  
W  $\frac{1}{2}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$  NW  $\frac{1}{4}$ ; NE  $\frac{1}{4}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ;  
W  $\frac{1}{2}$  SE  $\frac{1}{4}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; W  $\frac{1}{2}$  SW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ;  
E  $\frac{1}{2}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ; SW  $\frac{1}{4}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ;  
W  $\frac{1}{2}$  E  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$ ; W  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$ ;  
NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$ .

00066563 Bk00410 Pg00257

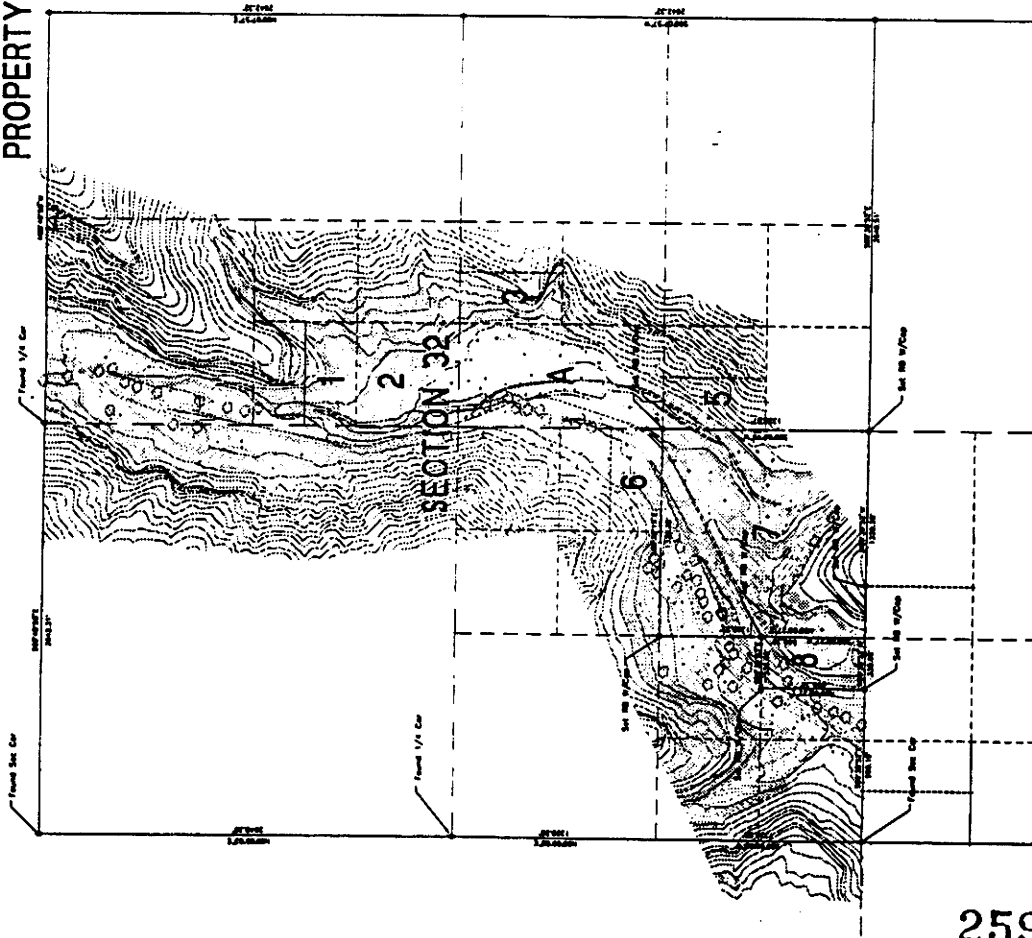


000665563 BK00410 Pg00259

# SUNNYSIDE COAL COMPANY

## SEC. 32 T.14 S. R.14 E.

### PROPERTY SURVEY



GRAPHIC SCALE



SURVEYOR'S CERTIFICATE  
I, C. DONALD MCKENNA, R.L.S., DO HEREBY CERTIFY THAT I AM A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF UTAH, AND THAT I HAVE ACCURATELY SURVEYED THE LAND DESCRIBED BELOW AND TO THE BEST OF MY ABILITY ADHERED TO THE REQUIREMENTS OF THE UTAH SURVEYING ACT, AND ACCURATELY STATED ON THE GROUND AS SHOWN ON THIS MAP.



C. Donald McKenna  
Registered Land Surveyor No. 156790

#### ORIGINAL DESCRIPTIONS

SECTION 32, TOWNSHIP 14 SOUTH, RANGE 14 EAST, S.1.B.84.

- PARCEL 1. S. 1/2 NW 1/4 SW 1/4 NE 1/4;
- PARCEL 2. SW 1/4 SW 1/4 NE 1/4;
- PARCEL 3. S. 1/2 NW 1/4 SE 1/4;
- PARCEL 4. W 1/2 NW 1/4 SE 1/4;
- PARCEL 5. W 1/2 NW 1/4 SW 1/4 SE 1/4;
- PARCEL 6. S. 1/2 SE 1/4 NE 1/4 SW 1/4;
- PARCEL 7. SE 1/4 SW 1/4;
- PARCEL 8. E 1/2 SE 1/4 SW 1/4 SW 1/4.

#### ACTUAL DESCRIPTIONS

SECTION 32, TOWNSHIP 14 SOUTH, RANGE 14 EAST, S.1.B.84.

PARCEL 8 BEGINNING AT A POINT 890.19 FEET S 89°30'57"E FROM THE SOUTHWEST CORNER OF SECTION 32, TOWNSHIP 14 SOUTH, RANGE 14 EAST, SALT LAKE MERIDIAN, THENCE S 89°30'57"E 1320.72 FEET; THENCE S 89°30'57"E 1320.72 FEET; THENCE N 89°30'57"E 1320.72 FEET; THENCE N 89°30'57"E 1320.72 FEET; TO THE POINT OF BEGINNING. CONTAINS 5.00 ACRES, MORE OR LESS.

PARCEL 7 BEGINNING AT THE SW CORNER OF THE SE 1/4 OF THE SW 1/4 OF SECTION 32, TOWNSHIP 14 SOUTH, RANGE 14 EAST, SALT LAKE MERIDIAN, THENCE N 89°30'57"E 1320.72 FEET; THENCE S 89°30'57"E 1320.72 FEET; THENCE N 89°30'57"E 1320.72 FEET; THENCE N 89°30'57"E 1320.72 FEET; TO THE POINT OF BEGINNING. CONTAINS 40.03 ACRES, MORE OR LESS.

#### LEGEND:

PROPERTY LINE

SECTION LINE

1/4 SECTION LINE

40 ACRE LINE

10 ACRE LINE

SECTION CORNER FOUND

SECTION CORNER CALC

PROPERTY CORNER SET

PROPERTY CORNER FOUND

259

Project Number: E3320197		Designed By: COM		Drawn By: COM/AM	
File Name: J:\WORK\LAND\SEC-32		Checked By: SEC		Date: 8/97	
No.	Revision	By	Date		
Eckhoff, Watson & Preator ENGINEERING 2000 South 700 East, Suite 200, S.L.C. UT. 801-881-0000					
SUNNYSIDE COAL COMPANY FOOTPRINT PROPERTY SUNNYSIDE UTAH					

WHEN RECORDED RETURN TO:  
LeBoeuf, Lamb, Greene & MacRae, L.L.P.  
1000 Kearns Building  
136 South Main Street  
Salt Lake City, Utah 84101  
Attention: Penrod W. Keith

264

00066565 BK00410 Pg00264-00273

ANN B. O'BRIEN-COUNTY OF CARBON  
1998 JUN 03 12:02 PM FEE \$50.00 BY  
REQUEST: SOUTH EASTERN UTAH TITLE CO

**QUITCLAIM DEED**  
**(Sunnyside Coal Company Footprint Property)**

Kenneth A. Rushton, as Chapter 7 trustee of Sunnyside Coal Company and acting on behalf of Sunnyside Coal Company, a Colorado Corporation (collectively "Grantors"), for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby quitclaims and releases, without warranty or representation of any kind or nature, to Footprint LLC, a Utah limited liability company, all of Grantors' right, title and interest in and to the real property located in Carbon County, State of Utah, described in Exhibit A attached hereto commonly referred to as the Sunnyside Coal "Footprint" Property.

Grantors' conveyance is in accord with the Order dated May 21, 1998, in In re Sunnyside Coal Company, Case No. 94-12794 CEM pending in the United States Bankruptcy Court of the District of Colorado ("Order") which Order authorizes and provides for Grantors' sale and conveyance of such water rights to Penta Creek LLC, a copy of which Order (without exhibits) is attached hereto and incorporated herein by reference.

GRANTORS: KENNETH A. RUSHTON  
SUNNYSIDE COAL COMPANY

By: Kenneth A. Rushton  
Their: Trustee

STATE OF UTAH )  
:ss.  
COUNTY OF SALT LAKE )

PERSONALLY appeared before me, the undersigned authority in and for the aforesaid jurisdiction, the within named Kenneth A. Rushton, who is the trustee of Sunnyside Coal Company who acknowledged to me that he signed and delivered the above and foregoing instrument in said capacity personally and as trustee of Sunnyside Coal Company on the date and date therein written, after having been first duly authorized to do so.

GIVEN UNDER my hand and official seal this the 28<sup>th</sup> day of May, 1998.

Kristin Hughes  
Notary Public  
Residing in Salt Lake County

My Commission Expires:

10/1/99

SOUTH EASTERN UTAH  
TITLE COMPANY  
ORDER NO. 29150-C

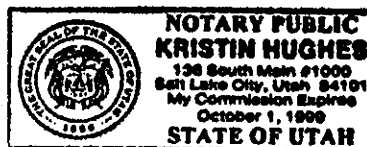




EXHIBIT A  
(Sunnyside Coal Company Footprint Property)

Section 32, Township 14 South, Range 14 East, SLB&M:

S  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ;  
 W  $\frac{1}{2}$  NE  $\frac{1}{4}$  NW  $\frac{1}{4}$  SE  $\frac{1}{4}$ ; W  $\frac{1}{2}$  NW  $\frac{1}{4}$  SE  $\frac{1}{4}$ ;  
 W  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  SE  $\frac{1}{4}$ ; S  $\frac{1}{2}$  SE  $\frac{1}{4}$  NE  $\frac{1}{4}$  SW  $\frac{1}{4}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$ ;  
 E  $\frac{1}{2}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$

Section 33, Township 14 South, Range 14 East, SLB&M:

S  $\frac{1}{2}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$

Section 4, Township 15 South, Range 14 East, SLB&M:

N  $\frac{1}{2}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$

Section 5, Township 15 South, Range 14 East, SLB&M:

NW  $\frac{1}{4}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; NE  $\frac{1}{4}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ;  
 NW  $\frac{1}{4}$  NE  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; N  $\frac{1}{2}$  NE  $\frac{1}{4}$  NE  $\frac{1}{4}$  NE  $\frac{1}{4}$ ;  
 W  $\frac{1}{2}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$  NW  $\frac{1}{4}$ ; NE  $\frac{1}{4}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ;  
 W  $\frac{1}{2}$  SE  $\frac{1}{4}$  NW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; W  $\frac{1}{2}$  SW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ;  
 E  $\frac{1}{2}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ; SW  $\frac{1}{4}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ;  
 W  $\frac{1}{2}$  E  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$ ; W  $\frac{1}{2}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$ ;  
 NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$ .

00066565 BK00410 Pg00266

Final

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF COLORADO

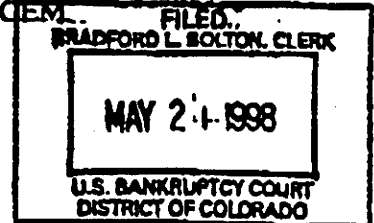
In re:

SUNNYSIDE COAL COMPANY.

Debtor.

CASE NO. 94-12794 CEM

Chapter 7



**ORDER RESPECTING TRUSTEE'S MOTION FOR APPROVAL TO  
SELL FOOTPRINT PROPERTY AND WATER RIGHTS FREE AND  
CLEAR OF CLAIMS ENCUMBRANCES AND INTERESTS PURSUANT  
TO SECTION 363 OF THE BANKRUPTCY CODE**

This matter is before the Court on the motion (the "Motion")<sup>1</sup> of Kenneth A. Rushton, the Chapter 7 trustee appointed in this case (the "Trustee"), pursuant to 11 U.S.C. § 363 to sell certain real property of the estate known as the "Footprint Property" and water rights attendant thereto free and clear of interests to Penta Creek L.L.C. The Court, having reviewed the Motion and the objection filed thereto by the Utah Division of Oil, Gas and Mining ("DOGM"), and finding that the Trustee has settled the objection with DOGM and DOGM has approved the form of this order, and finding that no other written objections have been filed to the Motion, and taking notice of the file in the case, finds that it is appropriate to grant the Motion as set forth below.

IT IS THEREFORE ORDERED that, pursuant to the terms of the Footprint Property sale agreement (the "Agreement"), a true and correct copy of which is attached hereto as Exhibit B), the Trustee may sell the Footprint Property and attendant water rights identified therein to Penta Creek L.L.C. or its designee ("Buyer") under the terms and conditions of the Agreement, but subject to the following modification to such Agreement:

Section 5 of the Agreement is amended to add the following language:

---

<sup>1</sup>The Motion has been corrected and supplemented by the Trustee in that certain document entitled "Trustee's Corrections and Supplement to Motion for Approval to Sell Footprint Property and Water Rights Free and Clear of Claims and Encumbrances and Interests Pursuant to Section 363 of the Bankruptcy Code (filed with the Court May 15, 1998) (the "Technical Correction"), so this Order is based on the Motion subject to the Technical Correction. A copy of the Technical Correction is attached hereto as Exhibit A.

658

00066565 BK00410 Pg00267

It is expressly recognized by the Buyer and the Seller that the Buyer, after it purchases from Seller, intends to sell and lease and shall sell and lease certain parts of the "Footprint Property", consisting of about 210 acres, which Footprint Property is described more particularly in the Agreement attached hereto as Exhibit B, but subject to the corrected legal description in the Technical Correction attached hereto as Exhibit A, to COVOL Technologies, Inc., a Utah Corporation ("COVOL"). The parties recognize that COVOL is attempting to obtain approval from the Utah Division of Oil, Gas and Mining ("DOGM") of a post-mining land use with respect to certain parts of the Footprint Property. DOGM has expressed concern over the performance of COVOL under its intended post-mining land use. To facilitate the sale of the Footprint Property to Buyer, COVOL, the Buyer, and the Seller agree to the following provisions.

- Sa. Addition of COVOL as Party to Agreement: Recognition of Third Party Beneficiary. COVOL shall execute this Agreement as a party and agrees, by so signing, to be bound by the covenants contained in this section 5 (including all its subparts). COVOL, Buyer and Seller expressly recognize that the terms and covenants in this section are made for the benefit of DOGM and DOGM is accepted as a third-party beneficiary to this Agreement with rights to enforce any provision or covenant in this Agreement and is specifically entitled to enforce the provisions of this section 5 (including all its subparts) against any of the parties hereto by means of equitable remedies including negative or affirmative injunctions including seeking the same from the Bankruptcy Court to the extent such court has or retains jurisdiction over such enforcement action, or the Third District Court in and for Salt Lake County, Utah. It is agreed by the parties that this section 5 shall be binding upon the successors or assigns of the parties. Provided: To encourage and induce DOGM to approve an alternative post-mining land use of light industrial, including but not necessarily limited to that specific light industrial use as proposed by COVOL for the Footprint Property, the Seller, the Buyer, and COVOL, on behalf of themselves and their respective successors and assigns, hereby certify to that this agreement and the order approving same impose no contractual obligations in their favor vis-a-vis the United States of America, the U.S. Office of Surface Mining Reclamation & Enforcement, the State of Utah, DOGM, the Utah Board of Oil, Gas & Mining, or any of their respective agents, employees and contractors.
- Sb. Asbestos Obligation (Deadline: 11/15/1998).--The obligation assumed by COVOL, for itself and its successors and assigns, under this paragraph is referred to herein as the "Asbestos Obligation." To encourage and induce DOGM to approve the alternative post-mining land use of light industrial, as proposed by COVOL for the Footprint

Property, by November 15, 1998, COVOL, for itself and its successors and assigns, agrees that, if the approval is made by DOGM, and if COVOL timely closes on its contemplated purchase and lease from Buyer, COVOL shall, at its sole expense, remediate all known potentially hazardous material within the structures and areas to be retained by COVOL. Specifically, COVOL, for itself and its successors and assigns, agrees it shall mitigate the asbestos materials as identified in the pre-demolition asbestos survey conducted by IHI Environmental of Salt Lake City, dated October 20, 1997 (a true and correct copy of which is reproduced as Appendix H in COVOL's filing with DOGM entitled, "Post Mining Land Use Change Application, Sunnyside Property, April 1998", and which is hereby incorporated by this reference). COVOL agrees it shall get all required permits and shall use qualified personnel timely to complete said asbestos remediation work in a workmanlike manner in accordance with all applicable state and federal laws.

5c. Site Safety Obligation (Deadline: 11/15/1998).—The obligation assumed by COVOL, for itself and its successors and assigns, under this paragraph is referred to herein as the "Site Safety Obligation". To encourage and induce DOGM to approve the alternative post-mining land use as proposed by COVOL for the Footprint Property, by November 15, 1998, COVOL, for itself and its successors and assigns, agrees that, if the approval is made by DOGM, and if COVOL timely closes on its contemplated purchase and lease from Buyer, COVOL, for itself and its successors and assigns, shall, by November 15, 1998, at its sole expense, abate any safety hazards which exist within the areas retained by COVOL. Specifically, COVOL, with regard to the hole in the upper bridge over Grassy Trail Creek, COVOL, for itself and its successors and assigns, agrees that it shall by said deadline repair, gate or otherwise secure said hole so it will not pose a hazard to the public and site workers. Also, with regard to the structures and areas at the Sunnyside site retained by COVOL, COVOL, for itself and its successors and assigns, also agrees it shall by said deadline install reasonable site security measures, including signs and gates to restrict access and to prevent unauthorized entry to the site.

5d. Waiver of Rights to Contest Decision of DOGM. COVOL recognizes that there remains certain actions which must be undertaken by COVOL (the "Remaining Actions") prior to the acceptance and approval by DOGM of an alternative post-mining land use of light industrial on the Footprint Property, such as the specific light industrial land use described in COVOL's proposed post-mining land use, including but not limited to delivery of an acceptable letter of credit to DOGM and OSM to guarantee COVOL's performance of

00066565 BK00410 Pg00269

the Asbestos Obligation and the Site Safety Obligation. In particular, the Remaining Actions are set forth more particularly in Paragraph 5e and 5f. COVOL represents that it will be able to complete the Remaining Actions by June 5, 1998 (the "Submission Deadline"). If the Remaining Actions are not completed by the Submission Deadline, the Trustee, COVOL, the Buyer and the Seller irrevocably agree that none of them will:

(1) interfere, hinder or obstruct in any way the Debtor, DOGM or OSM in post-sale reclamation or inspection activities on the Footprint Property including any action such parties may take with respect to the destruction of any buildings or structures on the Footprint Property or the realignment of certain stream channels.

(2) prevent, hinder or interfere with the Debtor, DOGM or OSM, or any of their respective agents, contractors, employees, or legal counsel, in entering upon the Footprint Property to perform any act related to reclamation of such land including to inspect the land, to survey the land, to re-contour the land, to re-vegetate the land, to demolish any buildings or structures used by the Debtor as part of the coal mine, or to otherwise complete any other reclamation activities consistent with the Utah version of the Federal Surface Mining and Control and Reclamation Act of 1977, Public Law 95-87, 11 U.S.C. 1201 et seq. ("SMCRA"), codified at Utah Code Ann. §§ 44-10-1 et seq. (1953, as amended) and Utah Admin. Code R645 et seq. (implementing administrative rules) ("U-SMCRA").

(3) seek any suit in law or equity against DOGM, OSM or the governments of the State of Utah or Federal Government or any branch or agency thereof that alleges recovery under any theory of contract, tort, eminent domain, taking, temporary taking, inverse condemnation, or regulatory taking with respect to any of the reclamation activities of the Debtor, DOGM, OSM or any agents or employees as set forth herein or pursuant to the laws cited above, as this Agreement is intended to provide said agencies and persons a blanket release for all such claims, if any, which may now exist or which may arise hereafter.

5e. Letter of Credit Obligation (Deadline: 6/5/1998).--The obligation assumed by COVOL, for itself and its successors and assigns, under this paragraph is referred to herein as the "Letter of Credit Obligation." By 4:00 p.m. Salt Lake City time on June 5, 1998, COVOL agrees, for itself and its successors and assigns, that it shall deliver to DOGM a \$100,000 letter of credit for the joint benefit of DOGM and OSM, issued by a federally-insured bank authorized to do business in the

State of Utah, in a form acceptable to DOGM, to secure COVOL's timely and workmanlike performance of the Asbestos Obligation and the Site Safety Obligation. COVOL agrees that the Letter of Credit shall not be released by DOGM (or OSM) unless and until the Director or Acting Director of DOGM (or the Denver Regional Director of OSM) issues a letter certifying that COVOL has, in a timely and workmanlike manner, completed the Asbestos Obligation and the Site Safety Obligation. To call the letter of credit, COVOL, and its successors and assigns, agrees that, upon presentation to the issuing bank of a letter signed by the Director or Acting Director of DOGM (or a letter signed by the Denver Regional Director of OSM) certifying that COVOL, or its successors and assigns, has not timely and satisfactorily performed the Asbestos Obligation and/or the Site Safety Obligation, the issuing bank immediately shall pay DOGM (or OSM, if OSM is the moving agency) \$100,000. DOGM (or OSM, if OSM is the moving agency) shall thereafter be entitled without interference from Buyer, Seller, COVOL, or the Trustee, or any of their respective successors and assigns, to use said Letter of Credit funds to reclaim the portions of the Sunnyside Footprint Property retained by COVOL if DOGM approves COVOL's proposed alternative post-mining land use. If defaults by COVOL require DOGM (or OSM, if OSM is the moving agency) to call the letter of credit in the manner set forth herein, COVOL, Buyer and Seller expressly agree that DOGM (or OSM, if OSM is the moving agency) shall have the right, but not duty, if sufficient funds are available, to use the Letter of Credit funds to demolish the structures at the Sunnyside site previously retained by COVOL, even if it would be less expensive for DOGM (or OSM, if OSM is the moving agency) to only complete the unfinished work on the Asbestos Obligation and/or the Site Safety Obligation. In the event that DOGM (or OSM, if OSM is the moving agency) calls the Letter of Credit in the manner set forth herein, funds shall only be used by DOGM (or OSM, if OSM is the moving agency) within the Footprint Property to reclaim those areas intended to be left for the benefit of COVOL's proposed alternative post-mining land use. Any funds remaining from the Letter of Credit following final reclamation shall be returned by DOGM (or OSM, if OSM is the moving agency) to COVOL, or its successors and assigns. COVOL and its successors and assigns shall not be liable for any reasonable costs or liabilities in excess of the amount of the Letter of Credit.

- 5f. The Deed & Lease Obligation (Deadline: 6/5/1998).—The obligation assumed by COVOL, for itself and its successors and assigns, under this paragraph is referred to herein as the "Deed and Lease Obligation." By June 5, 1998, COVOL shall deliver to DOGM true and correct copies of fully signed leases and deeds from the Buyer for all portions of the

000665565 BK00410 Pg00271

Footprint Property identified in COVOL's proposed alternative post-mining land use. In particular, COVOL, or its successors and assigns, shall deliver to DOGM signed deeds and lease agreements with Buyer substantially in the form attached to COVOL's filing with DOGM entitled, "Post Mining Land Use Change Application, Sunnyside Property, April 1998", which forms are hereby incorporated by this reference). The Deed & Lease Obligation is essential to confirm to DOGM that COVOL, or its successors and assigns, has, in a timely manner, acquired the rights to conduct operations at the site within all or part of the Footprint Property of the Sunnyside site. Provided, the portion of the Footprint Property described more particularly as Parcel 8 in Section 5, Township 15 South, Range 14 East, Salt Lake Base & Meridian (the "Exempt Parcel") is exempt from strict compliance with the Deed and Lease Deadline. With regard to the Exempt Parcel, COVOL shall deliver the applicable deed and/or lease to DOGM within 20 days after the Trustee and Buyer have cleared the existing technical cloud on the title to same.

- 5g. Landowners' Consent to Leave Mining Structures in Place.--To encourage and induce DOGM to approve all or part of the alternative post-mining land use of light industrial, including but not limited to that specific light industrial land use proposed by COVOL for the Footprint Property, the Seller, the Buyer, and COVOL, on behalf of themselves and their respective successors and assigns, hereby certify to DOGM, that they, as current and prospective future landowners, lessors and/or lessees of record of property interests in the Footprint Property, are aware that any coal mining structures and facilities DOGM approves for retention as part of the proposed light industrial alternative post-mining land use shall become property of said landowners, as their respective interests of record may appear, and that any liability or costs associated with such structures and facilities shall become those of said landowners, as their respective interests of record appear.
- 5h. No Governmental Liability.--To encourage and induce DOGM to approve the alternative post-mining land use of light industrial, including but not limited to the light industrial land use as proposed by COVOL for the Footprint Property, the Seller, the Buyer, and COVOL, on behalf of themselves and their respective successors and assigns, further agree that the United States of America, the U.S. Office of Surface Mining Reclamation & Enforcement, the State of Utah, DOGM, the Utah Board of Oil, Gas & Mining, and their respective agents, employees and contractors, shall not be held liable or accountable to, the Seller, the Buyer, and COVOL, or any of their respective successors and assigns, for any liability or costs associated with such structures DOGM ultimately approves to be retained by COVOL or others if DOGM approves the



272

proposed light industrial alternative post-mining land use in whole or in part.

- Si. Right of Entry.—Despite any of the foregoing, COVOL, the Buyer and the Seller agree that they will at all times grant access at no cost to DOGM, the U.S. Office of Surface Mining Reclamation and Enforcement ("OSM") or the Debtor, and their respective employees, agents, and contractors, to enter onto the Footprint Property to undertake reclamation activities and inspections as authorized by applicable law and by the police power of such agencies.
- Sj. Survival Clause.—The Seller, the Buyer, COVOL and the Trustee agree that all of the provisions herein and in other paragraphs of the Agreement for the benefit of the United States of America, the U.S. Office of Surface Mining Reclamation & Enforcement, the State of Utah, DOGM, the Utah Board of Oil, Gas & Mining, and their respective agents, employees and contractors, shall survive the execution, delivery and recording of the various deeds and leases contemplated by and between the Seller, the Buyer, and COVOL, and any of their respective successors and assigns.
- Sk. Time is of the Essence.—The Seller, the Buyer and COVOL are aware that DOGM currently plans to conduct a public meeting at Sunnyside on April 29, 1998 at 6:30 p.m. to discuss the intended reclamation plans for the Sunnyside Reclamation Project, and that DOGM plans that bids for construction of the site will be noticed and available on or about May 4, 1998 with the bid opening and bid award to occur by the end of May. Reclamation construction is anticipated to commence early in June. Therefore, the Seller, the Buyer and COVOL agree that time is of the essence with regard to COVOL's deadlines herein.

IT IS FURTHER ORDERED that the foregoing amendment to section 5 of the Agreement is incorporated by this order and made a part hereof and relate to the sale of the Footprint Property which is described with particularity in Exhibit A attached hereto; and

IT IS FURTHER ORDERED that neither the Buyer nor COVOL shall have, except as expressly provided in the foregoing language, any financial liability with respect to the reclamation of the Footprint Property either by law or by contract; and

IT IS FURTHER ORDERED that neither this order nor the sale of the Footprint Property under section 363 relieves the Debtor of any liability, including financial liability, for the reclamation of the Footprint Property; and

IT IS FURTHER ORDERED that the Trustee shall separately account for and preserve the proceeds from the sale of the Footprint Property, and

When Recorded Mail To:

ANN B. O'BRIEN-COUNTY OF CARBON  
1998 JUN 03 12:12 PM FEE \$28.00 BY  
REQUEST: SOUTH EASTERN UTAH TITLE CO

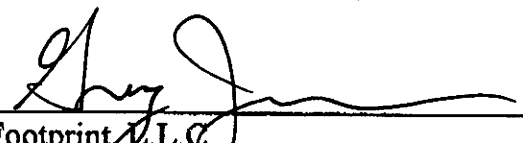
Ralph C. Petty  
Weiss Berrett Petty, L.C.  
170 South Main, Suite 1100  
Salt Lake City, Utah 84101

### QUIT-CLAIM DEED

Footprint, L.L.C., a Utah limited liability company, grantor, of 140 South Newton, Albert Lea, Minnesota 56007, hereby CONVEYS AND QUIT-CLAIMS to Covol Technologies, Inc., a Utah corporation of 3280 North Frontage Road, Lehi, Utah 84043, grantee for the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, the following described tract of land in Carbon County, State of Utah, to wit:

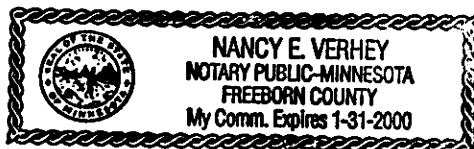
See Schedule A attached hereto.

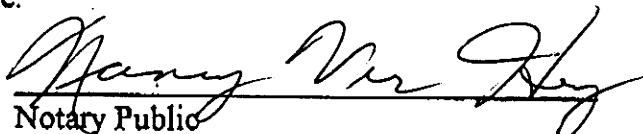
WITNESS the hand of said of grantor this 29 day of May, 1998.

  
\_\_\_\_\_  
Footprint, L.L.C.  
By: Greg Jensen, Manager

STATE OF MINNESOTA )  
: ss.  
COUNTY OF FREEBORN )

On the 29 day of May, 1998, personally appeared before me Greg Jensen, Manager of Footprint, L.L.C., a Utah limited liability company, the signer of the foregoing instrument, who duly acknowledge to me that he executed the same.



  
\_\_\_\_\_  
Notary Public  
Residing at Albert Lea, Minnesota

SOUTH EASTERN UTAH  
TITLE COMPANY  
ORDER NO. 29150-C

That property South of the center of Grassy Trail Creek in the following:

Beginning at a point North 0 deg. 13' 39" East 174.12 feet along the Section line from the East Quarter Corner of Section 6, Township 15 South, Range 14 East, Salt Lake Base and Meridian; and running thence southwesterly along a curve to the right, with a radius of 979.93 feet, through an angle of 9 deg. 19' 48", for a distance of 159.57 feet, having a chord that bears South 66 deg. 47' 06" West 159.40 feet; thence South 71 deg. 27' 00" West 4,020.79 feet along the South line of a 50 foot right of way of the Denver and Rio Grande Railroad, as described in a certain deed dated July 29, 1929, to the West line of the Northeast Quarter of the Southwest Quarter of said Section 6; thence North 0 deg. 50' 04" East, along said West line, 1,160 feet, more or less, to the South line of State Highway 123 right of way; thence Easterly along said South line of State Highway 123 right of way to the East line of said Section 6; thence South 0 deg. 13' 39" West 1,400 feet, more or less, along said East Section line to the point of beginning.

Less Denver and Rio Grande Railroad right of way.

Less that portion of land known as Tax Serial #1B-502-002.

Also Less, that portion of land known as Tax Serial #1B-502-346.

00066569 Bk00410 Pg00303

## EXHIBIT A

Section 4, Township 15 South, Range 14 East, SLB&M:

N 1/2 NW 1/4 NW 1/4

Section 5, Township 15 South, Range 14 East, SLB&M:

NW1/4 NW 1/4 NE 1/4; NE 1/4 NW 1/4 NE 1/4;  
NW 1/4 NE 1/4 NE 1/4; N 1/2 NE 1/4 NE 1/4 NE 1/4;  
W 1/2 NW 1/4 NE 1/4 NW 1/4; NE 1/4 NW 1/4 NW 1/4;  
W 1/2 SE 1/4 NW 1/4 NE 1/4; W 1/2 SW 1/4 NW 1/4;  
E 1/2 NW 1/4 NW 1/4 NW 1/4; SW 1/4 NW 1/4 NW 1/4;  
W 1/2 E 1/2 NW 1/4 SW 1/4; W 1/2 NW 1/4 SW 1/4;  
NW 1/4 SW 1/4 SW 1/4

00066569 Bk00410 Pg00304

APPLICATION, AGREEMENT AND NOTE  
FOR STAND-BY DOCUMENTARY CREDIT

**First Security Bank®**

Date of Application	L/C Number (For Bank Use Only)
---------------------	--------------------------------

Office
City State

Advise by: ☐ Mail directly to beneficiary ☐ Cable Full Details ☐ Beneficiary will pick up

Advising Bank (if blank, correspondent bank)	For Account of (Applicant's Name & Address) Covol Technologies, Inc. 3280 North Frontage Road Lehi, UT 84043
In Favor of (Beneficiary's Name & Address) Lowell P. Braxton, Acting Director, Utah Division of Oil, Gas & Mining, 1594 West North Temple, St 1210 P.O. Box 145801, Salt Lake City, UT 84114-5801 and James Fulton, Chief, Denver Field Office, Office of Surface Minig, 1999 Broadway, St. 3320 Denver, CO 80202-5733	Amount (Indicate Currency Type - i.e. U.S. \$ - and specify amount in figures and words) USD100,000.00 One Hundred Thousand and 00/100 United States Dollars
	Expiration Date at Your Counters November 30, 1998

Available by draft(s) drawn (at your option) on you or your correspondent at sight accompanied by the following documents:  
Documents Required:

ISSUE AS PER ATTACHED EXHIBIT A

All documents to be forwarded in one cover, by airmail, unless otherwise stated.	Partial Drawings: <input type="checkbox"/> Permitted <input type="checkbox"/> Not Permitted Multiple Drawings: <input type="checkbox"/> Permitted <input type="checkbox"/> Not Permitted
--	---

The undersigned ("Applicant") and First Security Bank NA ("First Security") hereby agree as follows:

1. COMMITMENT TO LOAN

Applicant hereby applies to First Security for the issuance of an irrevocable letter of credit on substantially the terms and conditions above. This Agreement constitutes a promissory note in the principal sum of the amount of the letter of credit, which sum Applicant agrees to repay together with interest and expenses upon DEMAND. Applicant understands and agrees that in issuing its irrevocable letter of credit to the above named Beneficiary ("Beneficiary") for the account of Applicant, First Security undertakes to advance funds to Beneficiary, which funds Applicant unconditionally agrees to repay to First Security on demand NOT WITHSTANDING ANY DISPUTE BETWEEN APPLICANT AND BENEFICIARY. APPLICANT AGREES WITH FIRST SECURITY THAT THE ONLY PRE-CONDITION OF APPLICANTS OBLIGATION TO REPAY TO FIRST SECURITY the sum of any such advances to Beneficiary is First Security's written demand to Applicant for repayment. Applicant also understands that First Security has agreed to make advances only to Beneficiary (and not directly to Applicant) upon presentation to First Security (or to First Security's correspondent at First Security's option) of the documentation specified above. All such advances shall bear interest from the date of such advance until repaid in full (calculated on the basis of a three hundred sixty (360) day year) at THREE percent ( 3 %) per annum above FIRST SECURITY BANK'S PRIME RATE (Index Rate). If the "Index Rate" selected is First Security's prime rate, it is defined as the bank's announced rate of interest used as a reference point from which the cost of credit to customers may be calculated, and is subject to change from time-to-time. The bank may make loans bearing interest above, at or below its prime rate. The "Index Rate" may change from time-to-time, and the interest payable under this Agreement will continue to fluctuate at the same increment above the "Index Rate." Any changes in the "Index Rate" under this agreement shall become effective without prior notice on the date on which the "Index Rate" changes. Should the rate of interest as calculated exceed that allowed by law, the applicable rate of interest will be the maximum rate of interest lawfully allowed. Interest shall be payable on demand, or if no demand, then monthly on the first day of each calendar month. This Agreement is to be construed under the laws of the state of the issuing bank. The makers, sureties, guarantors, and endorsers of this Agreement jointly and severally waive presentment for payment, protest, notice of protest, and notice of non-payment under this Agreement and consent that this Agreement or any payment due under this Agreement may be extended or renewed without demand or notice, and further consent to the release of any collateral, or part thereof, with or without substitution. APPLICANT AUTHORIZES FIRST SECURITY TO AUTOMATICALLY DEBIT ITS ACCOUNT(S) WITH FIRST SECURITY IN THE AMOUNT OF ANY, AND ALL SUMS OWED TO FIRST SECURITY IN CONNECTION HEREWITH.

2. FEES AND EXPENSES PAYABLE BY APPLICANT

In addition to the amount of the letter of credit, Applicant agrees to pay to First Security an issuance fee of SEVENTY-FIVE Dollars (\$ 75.00 ) together with a commitment fee equal to TWO percent ( 2 %) per annum of the unused portion of the amount of the letter of credit annually in advance through the expiry date of the same, and in any event not less than THREE HUNDRED DOLLARS Dollars (\$ 300.00 )

Applicant agrees to pay any and all fees charged by correspondent banks including, but not limited to, confirmation fees, commissions and out-of-pocket expenses. Applicant also agrees to reimburse First Security for any and all out-of-pocket expenses incurred including but not limited to postage, wire and cable charges, and including any and all attorneys' fees and costs incurred by First Security in connection with such letter of credit, whether incurred in connection with the drafting and review of documentation related to or given to secure the letter of credit, or incurred prior to the institution of any legal proceedings, during the pendency of such proceedings, and including any such expenses incurred upon appeal. Applicant agrees to reimburse First Security for any and all attorneys' fees and costs incurred notwithstanding the fact that such fees and expenses may be incurred by First Security in defense of claims brought by Applicant against First Security. All obligations of Applicant are additionally secured by any deeds of trust or other documentation which reference this agreement or the obligations of Applicant hereunder.

3. DEFAULT

In the event of any failure of Applicant to pay the principal amount of the letter of credit upon demand or any failure to pay interest, expenses or other sums as agreed, or in the event of any failure by Applicant to observe the terms and conditions of any other obligations of indebtedness of Applicant to First Security, or in the event of the filing of any petition in bankruptcy by or against Applicant, at the option of First Security the principal sum of the letter of credit (whether or not such sum shall then have been advanced) shall become immediately due and payable together with interest. Any portion of such amount which shall not have been drawn against by Beneficiary upon the expiry of the letter of credit (or, at such later date that First Security is able to ascertain that all drawings under the letter of credit have been received at the counters of First Security) shall be refunded to Applicant without interest after the deduction of any sums otherwise payable to First Security by Applicant (if any) **IN THE ABSENCE OF ANY UNRESOLVED CONTROVERSY WITH RESPECT TO SUCH SUMS.**

4. DUTY OF ISSUER

**NEITHER FIRST SECURITY NOR ANY CORRESPONDENTS SHALL BE IN ANY WAY RESPONSIBLE FOR PERFORMANCE BY BENEFICIARY OF ITS OBLIGATIONS TO APPLICANT, INCLUDING ANY CLAIM OF APPLICANT TO THE EFFECT THAT THE TRANSACTION BETWEEN APPLICANT AND BENEFICIARY IS TAINTED BY FRAUD, FORGERY OR OTHER DEFECT.** To the extent permitted by applicable law, **APPLICANT WAIVES APPLICANT'S RIGHT TO CAUSE FIRST SECURITY TO BE ENJOINED FROM HONORING DRAFTS PRESENTED PURSUANT TO THE LETTER OF CREDIT.** Applicant understands and agrees that First Security shall honor any documents which First Security believes to be, on their face, in compliance with the terms and conditions of the letter of credit. First Security shall have no liability or responsibility for the form, sufficiency, accuracy, correctness, genuineness, or authority of any person signing, falsification, or legal effect of any documents presented to First Security (notwithstanding notification by Applicant of the existence of any latent or apparent defect) and First Security shall be held harmless insofar as it acts in accordance with the terms of this Agreement. Applicant acknowledges that any attempt by Applicant to cause First Security to be enjoined from honoring any presentation of documents under the letter of credit may be opposed by First Security, **THE EXPENSE OF WHICH PROCEEDING SHALL BE BORNE BY APPLICANT.**

5. MISCELLANEOUS

The letter of credit and performance by First Security, by any correspondents, by Applicant and by Beneficiary shall be governed by the "Uniform Customs and Practice for Documentary Credits" as established by the International Chamber of Commerce and such revisions thereof as are in effect as of the date of issuance. Applicant agrees that the obligations of Applicant, of First Security, of any correspondents and of Beneficiary may be governed or modified by foreign laws, customs and usages of the trade, and to the extent that the same are subsequently determined by First Security to be applicable, Applicant agrees and covenants to hold First Security and its correspondents harmless therefrom. All directions and correspondence relating to the letter of credit are to be sent at the risk and expense of Applicant and First Security assumes no responsibility for any inaccuracy, interruption, error or delay in transmission or delivery by post, telegraph, cable, or other means of communication, or for any inaccuracy of translation. The term "Applicant" shall include all of the undersigned and all obligations of Applicant shall be the joint and several obligations of each undersigned.

Dated \_\_\_\_\_

Social Security Number / Tax I.D. Number
Account number to be charged for fees and drawings.

APPLICANT COVOL TECHNOLOGIES, INC.

By: *Stanley M. Kunitz, CFO*  
Title: *President*

This Application, Agreement and Note shall be deemed to be accepted by First Security and shall become effective upon the (1) execution of this agreement, and (2) upon issuance of the letter of credit described on the reverse side hereof.

FIRST SECURITY BANK

Dated 6/12/98

By: *Gregory J. Alago*  
Title: *Vice President*

EXHIBIT A

REVOCABLE STANDBY LETTER OF CREDIT NO. FOOTPRINT

ISSUED IN Salt Lake City, Utah

BENEFICIARY:

Lowell P. Braxton, Acting Director,  
Utah Division of Oil, Gas and  
Mining and James Fulton, Chief,  
Denver Field Division, Office of  
Surface Mining

APPLICANT:

Covol Technologies, Inc.  
3280 North Frontage Road  
Lehi, Utah 84043

AMOUNT: USD \*\*\*100,000.00  
ONE HUNDRED THOUSAND AND 00/100  
UNITED STATES DOLLARS

DATE AND PLACE OF EXPIRY:  
30 NOV 1998  
AT OUR COUNTERS

We hereby issue in your favor this documentary credit which is available by payment of your draft(s) drawn on us at sight bearing the number of this Letter of Credit accompanied by the following documents:

1. This original Letter of Credit.
2. Beneficiary's signed statement reading precisely as follow:  
"We certifying that Covol Technologies, Inc., or its successors and assigns, has not timely and satisfactorily performed the Asbestos Obligation and/or the Site Safety Obligation as per the Footprint Property Sale Agreement dated \_\_\_\_\_."

Each draft paid by the bank hereunder shall pro tanto reduce the liability of the Bank under this Letter of Credit although the total liability of the Bank shall not be discharged unless and until such payments shall amount in the aggregate to USD100,000.00 (One Hundred Thousand and 00/100 United States Dollars). Notwithstanding anything herein to the contrary, in no event shall the obligation of the bank exceed the aggregate amount of USD100,000.00 (One Hundred Thousand and 00/100 United States Dollars).

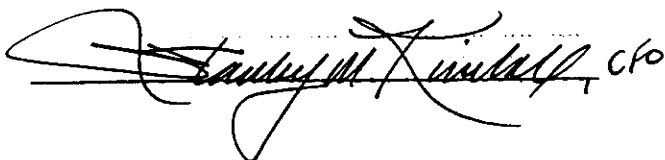
Except so far as otherwise expressly stated, this Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500.

We hereby agree to honor each draft drawn under and in compliance with the terms of this credit, if duly presented (together with the documents as specified) at our office on or before the expiry date of this credit.

COVOL TECHNOLOGIES, INC.

 Brent M. Cook - Pres.

~~AUTHORIZED SIGNATURE(S)~~

 Stanley M. Lindberg, CFO